



## DIGITAL MARKETING AND THE NIGERIA ECONOMY

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**Abstract:** *As the world grapples with Covid-19 pandemic, there is a significant economic & business impact being felt globally. With lockdown directives in many countries and guidance around social distancing to counter the Covid-19 threat, digital marketing business has significantly impacted digital marketer around the world. SME's & large marketing entrepreneurship has the potential to become an engine of economic transformation in Nigeria and set the country on a new growth trajectory. This investigate digital marketing and Nigeria economy. The study adopted the analytical survey method to gather information on the variables. A self-administered questionnaire with total of 263 was distributed to SME's & large online digital marketers, whereby data was analyzed by means of percentage-frequency occurrence and three research hypotheses were tested using the chi-square. The main results stemming from the research indicate that digital marketer's use digital platform to increase their marking value and the most preferred digital platform used are Facebook & Instagram as well as having positive significance to the Nigeria economy. Based on the findings, it was recommended that Government has to encourage innovation that allows citizens to make meaningful positive contributions to our economic development.*

**Keywords:** Covid-19, Digital Marketing in Nigeria, Economy, SME's

### INTRODUCTION

The COVID-19 pandemic brings unprecedented challenges. Demand for many goods and services has fallen dramatically, whilst some manufacturers and marketers either have shortages or are overwhelmed. In Nigeria and around the world, borders are being closed and societies are having to change the way they live.

As entire countries come under quarantine orders and consumers around the world try to reduce human contact, manufacturers and marketers need to recognize that their response to the novel COVID-19 Pandemic will have a significant impact on their business. Those that respond by rising up to the occasion would seek innovative ways of dealing with the situation while those who react may

struggle with adapting to the changes they need to make to remain profitable and resilient in these times.

Digital marketing also known as e-marketing, online or web marketing is the use of internet and related technologies for searching, creating, communicating, and delivering value to customers. Digital marketing can incorporate website, search engine marketing, social media marketing, content marketing, email marketing and banner advertising (Matikiti, Afolabi& Smith, 2012). Digital marketing gives opportunity to enterprises to create and maintain good customer relationship, operational efficiency, marketing effectiveness and improved performance when implemented efficiently and effectively (Eid& El-Gohary, 2013; Eid& El Kasswawy, 2012).

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Digital marketing is rapidly transforming and reshaping our global economy; permeating virtually every sector and aspect of daily life; and changing the way we learn, work, trade, socialize, and access public and private services and information. In 2016, the global digital economy was worth some USD 11.5 trillion, equivalent to 15.5% of the world's overall GDP. It is expected to reach 25% in less than a decade, quickly outpacing the growth of the overall economy. However, countries like Nigeria are currently capturing only a fraction of this growth and need to strategically invest in the foundational elements of their digital economy to keep pace (Ernst & Young, 2018).

The increase of digital users in Nigeria from 45,039,711 in 2011 to 97,210,000 in 2015 (Internet World Stats, 2016) has made Nigeria the largest internet market in Africa. This result has proved how fast people are becoming habitual of using the internet in the country (Internet World Stats, 2016). The development and application of internet has brought about innovative opportunities for businesses to market and display their products and services to customers in the globalized world. The Internet is one of the major components of digital marketing. It has changed the nature and characteristics of marketing in very unique ways than ever before by making the world a global village. Recently, the internet has gained an enormous recognition as a very dominant platform that has transformed and restructured the way we conduct business and the way we communicate (Edwards, 2015).

#### **Statement of the Problem**

The Covid-19 outbreak and the resultant measures put in place to limit its spread have resulted in a heightened need for new ways of working across the consumer and industrial markets sector. Marketers around the world like many other businesses are scrambling to adapt to the pressures being felt in this period. In Nigeria, many small and medium enterprises are investing and showing more and more interest in the Internet/online marketing

business. To survive in today's challenging environment, it is important that SMEs be competitive and resilient.

#### **Objectives of the Study**

The objectives of the study are;

1. To examine the frequency at which online businesses in Nigeria use digital marketing platform to increase value
2. To determine the most preferred digital marketing platform used in Nigeria and whether it has positive significance to the Nigeria economy.

#### **RESEARCH QUESTIONS**

1. To what extent do online businesses in Nigeria employ digital marketing platforms to increase value?
2. Which is the most preferred digital marketing platform use in Nigeria and has it any positive significance to the Nigeria economy?

#### **Literature Review**

Literature review is an important part of a research study as it involves many activities which include identifying, reading, evaluating, describing, summarizing, discussing, citing, and synthesizing various documents with an intention of incorporating them in the study under investigation.

This section deals with Conceptual clarification, Theoretical framework and Empirical Review

#### **DIGITAL MARKETING IN NIGERIA**

Digital marketing in Nigeria has formed an integral aspect of marketing in the 21st century. It has acquired maximum acknowledgment over the past years since it was incorporated into the marketing system, with various search engines and discoveries accompanied by social media marketing. These have made online marketing an arduous and encouraging one. Online marketing is also referred to as e-marketing and internet marketing. It is the application of marketing principles and techniques through electronic media and more specifically the internet. Online marketing describes an organization's effort to inform buyers to communicate, promote, and sell



its products and services over the internet (Igbenedion and Egwuelu, 2016). The role of digital marketing cannot be overemphasized, these roles are as follows: creating customers services through chatting; giving intermediate advice to customers about products for sales on their websites; training customers on the use of their websites to avoid frustrations that come due to lack of knowledge on how to access their website; providing online product categories that money can be spent or to buy; making buyers and sellers online; taking orders online the essence of these is to make prices more transparent and gain a better picture of their true value and build customer relationship Gives firsthand information on new products (Igbenedion and Egwuelu, 2016).

#### ONLINE MARKETING

The need for social interactions between human beings has always existed, resulting in the creation of platforms or networks for either informal or formal social interactions. Social networks are studied across a wide range of disciplines from sociology to science and technology. Several studies and literature have indicated a relationship between online marketing and sales. Online marketing is able to reach new customers and provide personalized communication to the customers, hence increasing awareness and sales (Jagongo&kinyua 2016). Online marketing combines the internet's creative and technical tools, including design, development, sales and advertising. Online is where the eyeballs are and so that's where your business needs to be (Susan, 2018). According to strategy analytics in 2017 online advertising was up 12% of overall spending on advertising, this kind of growth explains why online marketers are constantly devising new internet marketing strategies in the hopes of driving more traffic to their websites & to their offline stores and making more sales (Susan, 2018).

#### DIGITAL MARKETING CHANNELS FOR SUCCESSFUL BUSINESS OPERATION

The application of digital trends can have greater power of the local self-government and to organize this event for

successful business. Another characteristic that applies to digital marketing is creativity. The most commonly used channels by (Koushiki 2015) are:

- **Website:** One of the strongest internet marketing communication tools is a functional web page that clients can easily access. Each web page has its own URL, which is a fundamental network identification for any single resource connected to the internet. Websites must be functional, informative, use simple navigation, make shopping easy for customers, and keep them up to date (Lewes 2010).
- **Social networks:** Social networks on the internet are an area where people who share common connections can interact with each other. Some of the leaders here are Facebook, Twitter, Instagram, Flickr, MySpace, LinkedIn and many others, which together occupie for 90% of the total internet activity. Social network visitors are just one way of measuring the impact of social networks. The reviews of the pages, the time spent on them, the attention, as well as the frequency of the visits. Today, social networks are turning into huge, rich businesses.
- **Banners:** Banners come in several forms: static ads, pop-up ads, and floating ads. They are different, creative, depending on the way companies think the message should be conveyed, but their purpose is the same, they exist to attract attention and then take customers to a company website or a specific page for a special offer. A positive feature of banners is that they contain short and clear information about what a company actually offers. It is necessary to emphasize the positive sides of the product or service in comparison with the competition, because it is necessary to attract customers from the competition. In order to be noticed by the clients, some animations are needed that would



be characteristic for the company. The banner campaign is quite successful because it attracts a solid number of visitors from the Internet population, which leads to its financial justification.

- **Email Marketing:** Email marketing is a structured, systematic process and one of the most successful channels for transmitting (relevant) marketing messages to your target audience. By sending e-mails, we introduce ourselves to potential clients and try to arouse their interest. Customers can follow our latest announcements, offers and campaigns. Personal approach is just as important in email marketing, as we approach each client directly. This allows him to feel that the message, and the offer is specially made for him. The email message is recommended to be short and concise.
- **Mobile Marketing:** Consumers devote a large portion of their time on smartphones, which is very important for using the benefits of mobile phones. Mobile marketing strategies are: Advertising through applications, Advertising based on location, Search engine marketing, QR codes, SMS and MMS messages.
- **Search Engine Optimization (SEO):** SEO is a process of optimizing sites in order to rank as high as possible on the search engine rankings of an organic search engine. In essence, it is about optimization that the web page becomes more expressive for searchers, which means that it is easier to detect and consequently it may be ranked among the first results in the list.
- **PPC (cost per click) campaigns:** pay per click campaign is charged after actual clicks on ads. They are visually different from other ads and are located to the right of the search lists. To get started with PPC, you first need to register your website with one or all three major search

engines. Of course, before you start advertising, it is necessary to create ads. Then, the keywords for which the ad will appear and the maximum price for one click is determined. Higher price means higher position among other paid ads. Most major search engines, with the exception of Google, allow websites to pay for inclusion in their search results listings, and most have adopted a paid advertising model that providing guidance on improving website visibility and other digital marketing channels.

#### **BENEFITS OF USING DIGITAL MARKETING**

We live in a digital world and the best strategy for companies to better connect with their customers is through digital channels where customers spend most of their time. The key is to discover the benefits of marketing through digital channels as soon as possible and realize how important a digital marketing strategy is. Digital marketing offers methods and channels to understand the behavior of consumers on time (Susskind, et al 2000). This means that businesses can evaluate much better how their marketing campaign is going and will know how to adapt accordingly. The specific benefits of using digital marketing are as follows by (Fulgoni, and Lipsman 2014):

- **Measurable results:** One of the biggest reasons why digital marketing has managed to surpass the traditional is due to the fact that it offers measurable results. We cannot count how many people have seen the billboard or how many people have read the flyer, but when we use digital marketing, we can get solid and real results that show us exactly how many people have clicked a certain link and read the web page. This will help us to focus on the segment where do our potential clients come from.
- **Flexibility:** The clients nowadays are interested for personalized experiences that satisfy their needs. Here we can single out digital marketing



as it enables us to take advantage of the interests of individual clients and send them a unique marketing message. We can adapt the messages according to groups of consumers and precisely this personalization will make the consumer feel special as he gets the effect that the message is meant just for him.

- Access to a larger audience: Through digital marketing, we can reach a large and global audience thanks to the internet that is present in every country. On the other hand, traditional marketing limits us to a specific geographical area.
- Greater availability: One of the greatest problems of traditional marketing is that marketing methods such as TV advertisements, billboards and radio advertisements are available just for greater businesses and small ones usually cannot afford paying that type of advertisements. This does not refer to digital marketing because through him every company has the ability to reach the audience they need regardless of how great they are.
- Increased number of conversions: It only takes a few clicks to get the client online. People do not have to visit our shop or come to us to become clients. Now they can find all the information about our business online and they can become our clients literally while they are sitting at home, of course, if we approach to them with the right tactics of digital marketing.

### Theoretical framework

Every substantial phenomena, is bound to have logical and empirical explanations. It is in such situations that theories prove their utmost value, especially in scholarly endeavors. This study does not exist in a vacuum, it is underpinned by diffusion of innovation theory.

### Diffusion of Innovation Theory

As the name implies, this theory concerns itself with the rate at which recent/new innovations are diffused (adopted) within a given human community. The theory was propounded by Everett Rogers in 1962. The theory is relevant to the study since it attempts to measure how far and well Nigerian businesses have adopted digital platforms as a viable advertising platform for growing their businesses, it underpins the rate at which online advertising (particularly social media advertising) has diffused in the Nigerian online business sphere.

### Empirical Review

Daliborka *et al.*, (2020) conducted a survey on the impact of digital trends on marketing on 67 companies (small & medium business) in the Republic of North Macedonia from different areas. The data collection was done based on a survey questionnaire. The survey questionnaire was distributed to employees in management positions in companies & marketing directors. The result reveals that high percentage of digital marketing improves their business and help them to establish constant communication with their customers.

A study by Oyedele *et al.*, (2020) investigated Online Marketing and the Performance of Small and medium scale enterprises in Ikeja Local Government Area of Lagos State. Survey research design was employed for the study where 142 respondents (sample size) from the selected total estimated population of 221 SMEs for the study area and were gathered using structured questionnaire. Their responses were tested using appropriate statistical tools of SPSS package using the ANOVA, the correlation, and the regression too. The study revealed that the Online Marketing affected the performance of SME positively which has allowed youths to be self-employed and created economic growth and regional development. Therefore, the study recommended that solving the performance of SME development can be single handedly done using Online Marketing.



### Research Methodology

This chapter discusses the ways and means through which the study was carried out. It also presents the research Area of Study, Source of Data, Sampling Technique, Method of Data Collection and Method of Data Analysis was adopted for the study.

### Area of Study

This study is a survey research made up of digital marketers in Lagos Metropolis Lagos state. The population of this study is made up of online SME's and large enterprise businesses owners in Nigeria. There is however no formalized documentation of the exact number of such businesses, given that they exist in both the formal and informal economy. The target population for this study is 300.

### Sources of Data

The researcher employed the use of both the primary and secondary sources of data.

### Sampling Techniques

The simple random sampling technique is employed, giving each member of the population an equal chance. A total of 300 questionnaires was distributed to the respondents based on the criteria of having digital marketing business operating in Lagos States Nigeria, out of which 270 were completed and returned which represents 90% of the total questionnaires product. Out of the 270 questionnaires that were returned 7 was rejected due to wrong completion. Thus, only 263 questionnaires that were properly filled were used in the analyses.

Hence, the sample size determination is stated below:

$$n = \frac{N}{1+N(e)^2}$$

Where; N = population of the study (300)

n = sample size

e = level of significance [0.05]

l = constant.

### Method of Data Collection

Using the questionnaire, data was collected by the distribution of the instrument to the respondents, via mail and social networks using Google forms as a survey tool.

### Method of Data Analysis

The response gotten from the questionnaires were presented in tabular forms. The responses were converted to frequencies and percentages. Interpretation was based on the findings and the research question of the study. The hypothesis formulated in this work was tested with the use of chi-square method, which shows the magnitude of the discrepancy between the variables, expectation and observation. The test was carried out at 5% level of significance using SPSS statistical tool.

Chi-square is represented as follows:

$$X^2 = \sum \frac{\epsilon\{O - E\}^2}{E}$$

Here  $\sum$  = summation

O = observed frequency

$X^2$  = calculated = chi-square calculated

E = Expected frequency

To answer the two research questions posed for the study. The following hypothesis postulated would be tested. The reason for testing the hypothesis is to ascertain whether to accept or reject it based on the observed values of the chi-square ( $\chi^2$ ) methods of analysis. The following procedures will apply.

The null hypothesis ( $H_0$ ) will be stated.

Level of significance is taken to be 5% (0.05).

Critical value is the theoretical value  $X^2$ .

Expected frequency is denoted by E.

Observed frequency is denoted by O.

Degree of freedom = (Number of rows – Number of columns)

OR  $v = df = (r-1) (c-1)$ .  $\alpha = 0.05$  level of significance for the test of the hypothesis.

The researcher compared the theoretical value  $X^2$  with the empirical  $X^2$  value.



Decision rule: accept the null hypothesis if the empirical value  $X^2$  is greater than the table/critical  $X^2$  value; otherwise reject it.

**Data Analysis**

**Table 1:** percentage-frequency on whether marketers in Nigeria use digital platforms to increase value

S/N	Variables	Frequency	Percentage (%)
1.	Large extent	248	94.3
2.	Little extent	15	5.7
3.	Not At All	0	0
<b>Total</b>		<b>263</b>	<b>100</b>

**Source:** Field survey, (2021).

The table above with 94.3% indicated that marketers use digital platforms to increase marketing values in Nigeria. This means that online marketers use digital platforms to advertise frequently at least once in every month, indicating that digital marketing in emerging markets like Nigeria is gaining traction as more and more businesses are subscribing to the medium.

**Hypothesis1**

$H_0$ ; the frequency at which online businesses in Nigeria use digital marketing platforms is low

$H_1$ ; the frequency at which online businesses in Nigeria use digital marketing platforms is high.

$$Oe = \frac{248 + 15}{2} = \frac{263}{2} = 131.5$$

**1. Computation of  $X^2$**

$$X^2 = \frac{(248-131.5)^2}{131.5} + \frac{(15-131.5)^2}{131.5} = 206.4$$

Result;  $206.4 > 5.994$

Decision; based on the decision rule, we accept  $H_1$  and reject  $H_0$

**Table 2:** percentage-frequency on most preferred digital platforms used in Nigeria for marketing

S/N	Variables	Frequency	Percentage (%)
<b>A. Digital marketing tools</b>			
1.	Facebook & Instagram	240	91.3
2.	Twitter & LinkedIn	23	8.7
3.	Others	0	0
<b>Total</b>		<b>263</b>	<b>100</b>

**Source:** Field survey, (2021)

The above table implies that all digital platforms in this study are employed for marketing which has made a huge impact in the Nigeria economy. However, from the percentage frequency it is clear that twitter and LinkedIn has a low percentage (8.7%), which could be as a result of ban placed on twitter by the Nigeria government. While Facebook & Instagram indicated (240%) which also implies that most online marketers using social media advertisement in Nigeria are targeting



generalized audience rather than specialized audience in the sense that Facebook & Instagram users are more electric in nature.

**Hypothesis 2**

H<sub>0</sub>; online business owner do not use social media as preferred digital platforms for marketing.

H<sub>1</sub>; online business owner use social media as preferred digital platforms for marketing.

$$Oe = \frac{248 + 15}{2} = \frac{263}{2} = 131.5$$

**1. Computation of X<sup>2</sup>**

$$X^2 = \frac{(248-131.5)^2}{131.5} + \frac{(23-131.5)^2}{131.5} = 179.04$$

Result; 179.04 > 5.994

Decision; based on the decision rule, we accept H<sub>1</sub> and reject H<sub>0</sub>

**Table 3:** Responses on whether digital marketing has positive significances to Nigeria economy.

S/N	Variables	Frequency	Percentage (%)
1.	significance	248	94.3
2.	insignificance	15	5.7
<b>Total</b>		<b>263</b>	<b>100</b>

**Source:** Field survey, (2021)

Table (3) shows that 94.3% agreed that digital marketing has positive significance while 3.0% indicated insignificance. This implies that the practice of digital marketing improves the services and care given to customers to a large extent and in turn generated revenue to the country.

**Hypothesis 3**

H<sub>0</sub>; digital marketing does not have any positive significances to Nigeria economy.

H<sub>1</sub>; digital marketing does have positive significances to Nigeria economy.

$$Oe = \frac{248 + 15}{2} = \frac{263}{2} = 131.5$$

**1. Computation of X<sup>2</sup>**

$$X^2 = \frac{(248-131.5)^2}{131.5} + \frac{(15-131.5)^2}{131.5} = 206.42$$

Result; 206.42 > 5.994

Decision; based on the decision rule, we accept H<sub>1</sub> and reject H<sub>0</sub>

**Findings**

At the end of this study, the following findings were made;

That marketers use digital platforms to increase marketing values in Nigeria. This means that online marketers use digital platforms to advertise frequently at least once in every month, indicating that digital marketing in emerging markets like Nigeria is gaining

traction as more and more businesses are subscribing to the medium.

The second research question inquired the preferred platform for advertising by online businesses in Nigeria and it is found that businesses use Facebook and Instagram for advertising on social media. However, from the percentage-frequency, it is clear that businesses subscribe more to the use of Facebook and Instagram for



social media advertising. This could imply that most online businesses using social media advertising in Nigeria are targeting generalized audience rather than specialized audience, in the sense that Facebook and Instagram users are more eclectic in nature.

As regards to whether digital marketing has positive significance 94.3% agreed that digital marketing has positive significance while 3.0% indicated insignificance. This implies that the practice of digital marketing improves the services and care given to customers to a large extent and in turn generated revenue to the country. The finding agrees with Oyedele et al., (2020) that the Online Marketing affected the performance of SME positively which has allowed youths to be self-employed and created economic growth and regional development.

#### Conclusion

Given its large, young, entrepreneurial population, digital marketing entrepreneurship has the potential to become an engine of economic transformation in Nigeria and set the country on a new growth trajectory.

#### Recommendations

Consequent upon the above, the following recommendations are made:

- Creating an economic friendly marketing environment is critical to the successful adoption of innovative marketing practices in SMEs.
- Deficient marketing capabilities of SMEs' operators should be improved upon through educational programmes such as training/development and professional programmes.
- The study also recommends the establishment of Marketing Colleges across the six geopolitical zones of the country aimed at teaching marketing concept and fostering specific skills required for innovative marketing practices in the different fields of endeavour.
- In addition, the study recommends better utilization of marketing information via

marketresearch/intelligence especially that of marketing feedback that would lead to innovative insights and ultimately superior performance.

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